

## Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01

LAB-04 SIL-01 OMB-01 STR-04 CEA-01 /091 R

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APPROVED BY EUR/WE - ROBERT E. BARBOUR

EUR/WE - MR. KELLY

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P R 131924Z FEB 76

FM SECSTATE WASHDC

TO AMEMBASSY LISBON PRIORITY

INFO AMEMBASSY OSLO

USDOC WASHDC

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E.O. 11652: N/A

TAGS: BGEN, EINV, PO

SUBJECT: DISCUSSION WITH TIMEX BOARD CHAIRMAN

REF: (A) LISBON 804; (B) LISBON 164

1. DEPTOFF CONTACTED MARTIN SIEM, TIMEX BOARD CHAIRMAN, ON FEB 12 TO DISCUSS LISBON PLANT SITUATION AND OFFER USG ASSISTANCE. SIEM HAD TWICE POSTPONED TELEPHONE CONVERSATION BUT DID NOT APPEAR RETICENT TO DISCUSS MATTER WHEN CALL WAS FINALLY PUT THROUGH.

2. IN SPITE OF LABOR DIFFICULTIES CITED REF. (B), SIEM SAID HE FELT TIMEX HAD FARED BETTER THAN MANY FOREIGN-OWNED LISBON FIRMS SINCE APRIL 1974 REVOLUTION, MENTIONING

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THAT WORKER PRODUCTIVITY HAD ACTUALLY IMPROVED SLIGHTLY

PRIOR TO LAYOFF CRISIS. HE BLAMED PRESENT SITUATION ON DECLINE IN MARKET FOR FIRM'S PRODUCTS IN JAPAN AND BRAZIL, FOR WHICH NO SOLUTION WAS APPARENT.

3. SIEM CONFIRMED THAT FIRM'S MAJORITY OWNERS WERE NORWEGIANS, ADDING THAT HE HIMSELF WAS A NORWEGIAN CITIZEN (HE SPOKE WITH PRONOUNCED ACCENT.) HE ALSO SAID LISBON SUBSIDIARY WAS ACTUALLY A "SISTER COMPANY" OF TIMEX AND WAS MORE PROPERLY CALLED "TMX". HE WOULD NOT ELABORATE ON

DETAILS OF CORPORATE ARRANGEMENT.

4. SIEM SAID THE MOST PRESSING IMMEDIATE PROBLEM WAS TO PERSUADE COMPETENT LABOR MINISTRY OFFICIALS TO MEET WITH LOCAL MANAGEMENT AND OUTLINE POSSIBLE COMPROMISE. HE UNDERSTOOD PLANT'S WORKERS' COUNCIL HAD FORMED THREE-MAN COMMITTEE FOR THIS PURPOSE (POSSIBLY INCLUDING MINISTRY REPRESENTATIVE) BUT MANAGEMENT HAD BEEN UNSUCCESSFUL IN ASCERTAINING COMMITTEE'S POSITION DIRECTLY OR THROUGH MINISTRY. HE SAID THAT THE APPROXIMATELY 1,150 WORKERS STILL EMPLOYED WERE ENGAGED IN JOB SLOWDOWN IN ANTICIPATION OF COMMITTEE REPORT, BACKED BY ABOUT 100 DISMISSED WORKERS WHO WERE DISRUPTING PRODUCTION BY THEIR PRESENCE ON PLANT PREMISES.

5. SIEM THEREFORE ASKED IF EMBASSY WOULD ATTEMPT FACILITATE MEETING BETWEEN MANAGEMENT, COMMITTEE AND MINISTRY OFFICIALS. HE DID NOT, HOWEVER, INDICATE ANY LIKELIHOOD THAT FIRM WAS WILLING TO REHIRE DISMISSED PERSONNEL.

6. DEPTOFF SAID HE WOULD PASS REQUEST TO EMBASSY. SIEM SAID HE MIGHT CALL BACK "IN A COUPLE OF DAYS" WITH FURTHER IDEAS. HE ADDED HE APPRECIATED DEPTOFF'S ENCOURAGING ASSESSMENT OF PRESENT POLITICAL TRENDS AND DEPTH OF ECONOMIC CRISIS WITH IMPLICATIONS FOR FOREIGN INVESTMENT IN PORTUGAL. (DEPT BELIEVES TIME HAS COME TO ENLIST YOUR NORWEGIAN COLLEAGUES IN BEHALF THIS NORWEGIAN-OWNED FIRM.) KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
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